

## CHAPTER 52

### BUDGETARY RESOURCES

#### A. APPROPRIATIONS RECEIVED

1. Purposes of Appropriations. An appropriation is an authorization by an act of Congress that permits agencies to incur obligations and to make payments out of the U.S. Treasury for specified purposes. The Defense Working Capital Fund (DWCF) may receive appropriations for two general purposes--to provide working capital, and to provide financing for specific projects or tasks.

2. Receipt and Allocation of Appropriations. The receipt of an appropriation or reappropriation is recorded at the Departmental level only. The allocation, if any, of the appropriation or reappropriation is recorded at the intermediate and activity level as appropriate. While similarities in accounting for appropriations received for the two general purposes outlined above exist, differences must be accommodated. Basically, the receipt and allocation of appropriations are accounted for in the same way; however, accounting for the use of appropriations may differ.

##### a. Departmental Level Entries

Dr 4119 Other Appropriations Realized  
Cr 4620 Other Funds Available for Commitment/Obligation 1/

Dr 1013 Funds With Treasury  
Cr 3211.1 Appropriations Available

Entry to record receipt of an appropriation. The source document for the budgetary account posting is the OMB appropriation apportionment--DD Form 1105, "Apportionment and Reapportionment Schedule." The source document for the proprietary account posting is the Treasury Warrant--TFS Form 6200, "Department of the Treasury Appropriation Warrant." (This is a departmental level entry only.)

Dr 4620 Other Funds Available for Commitment/Obligation 1/  
Cr 4541 Allocations Issued - Direct Program - Current Period

Dr 3211.1 Appropriations Available  
Cr 1013 Funds With Treasury

Entry to record obligational authority allocated to intermediate or activity level. (This is a departmental level entry only.)

1/ Apportioned business areas (for example, supply management) shall use GLA 4440, "Revolving Funds Available for Apportionment," rather than GLA 4620, "Other Funds Available for Commitment/Obligation."

##### b. Intermediate (Command) Level Entries

Dr 4550 Internal Fund Distributions Received  
Cr 4561 Unallotted Allocations - Direct Program  
- Current Period

Dr 1013 Funds With Treasury  
Cr 3211.1 Appropriations Available

Entry to record receipt of obligational authority allocated from departmental level.  
(This is an intermediate level entry only, for example, the U.S. Transportation Command.)

Dr 4561 Unallotted Allocations - Direct Program - Current Period  
Cr 4571 Allotments Issued - Direct Program - Current Period

Dr 3211.1 Appropriations Available  
Cr 1013 Funds With Treasury

Entry to record obligational authority allocated to activity level.  
(This is an intermediate level entry only.)

c. Installation (Performing) Level Entries

Dr 4580 Allotments Received  
Cr 4611 Uncommitted/Unobligated Allotments  
- Direct Program - Current Period

Dr 1013 Funds With Treasury  
Cr 3211.1 Appropriations Available

Entry to record receipt of obligational authority allotted from Departmental or intermediate level. (This is an activity level entry only.)

B. APPROPRIATIONS FOR TRANSPORTATION MOBILIZATION REQUIREMENTS

Because a capability must be maintained by the United States Transportation Command (USTRANSCOM) DWCF Transportation business area to expeditiously respond to requirements to transport personnel, material, or other elements required to satisfy a mobilization condition, direct appropriation funding may be provided to the Air Mobility Command (AMC) and to the Military Traffic Management Command (MTMC) as follows:

1. Air Mobility Command (AMC). Airlift flying hours and associated costs are based on the requirement to maintain the capability of the airlift system, including crew training (and concurrent mobilization) requirement. The airlift system training generated capacity is used by the Department of Defense to move air eligible cargo and passengers. In order to extend air eligibility and increase capacity utilization, rates are generally established to be competitive with commercial airlift carriers. However, due to the mobilization requirement, the resulting revenue does not cover the full costs of airlift operations. This requirement will be recorded/budgeted as follows:

a. The costs for military personnel will be recorded (at the civilian equivalency rate) in accordance with the policy on Military Personnel Expense in Chapter 63, "Expenses," of this

Volume. Military personnel within the Air Mobility Command will be directly funded by the Military Personnel appropriation. Although the cost shall be recorded as a DWCF cost, it shall be recorded so that it is not required to be recovered in customer rates. Accounting policy for military personnel expense is in Chapter 63, "Expenses," of this volume. Financial reporting of military personnel expense is reported on Part V, "Recoverable Operating Results," of the DWCF monthly (AR 1307) Statement of Operations as provided for in Chapter 70 of this volume.

b. The balance of the mobilization requirement costs will be funded through a direct appropriation to the Air Force and will be placed as an order with the DWCF. This will assure that revenue is reflected to offset the costs.

2. Military Traffic Management Command (MTMC). The MTMC shall plan for and maintain a Reserve Industrial Capacity (RIC) to transport personnel resources, material and other elements required to satisfy a mobilization requirement. The costs of RIC will be funded by the Army Operation and Maintenance appropriation.

### C. USE OF AN APPROPRIATION

1. For Working Capital. Appropriations may be provided for working capital purposes such as when the accumulated operating results and/or the cash position is either negative or approaching negative or for other purposes. In those instances, the cash outlays and obligations may have previously occurred and the appropriation may therefore provide financing after the fact. The receipt of the appropriation provides an immediate infusion of cash and is accounted for as illustrated above. However, the use of the appropriation must be accounted for and reflected on accounting records and financial reports. The accounting entries to accomplish those results are:

Dr 3211.1 Appropriations Available  
Cr 5700 Appropriated Capital Used

NOTE: GLA 5700, "Appropriated Capital Used," is a revenue account and is closed to GLA 3321, "Net Results of Operations-DWCF."

and

Dr 4611 Uncommitted/Unobligated Allotments  
Direct Program - Current Period  
Cr 4614 Uncommitted/Unobligated Allotments  
- Reimbursable Program - Current Period

Entry to record, in proprietary accounts, the use of appropriated capital and, in budgetary accounts, the availability for reimbursable program obligations. As a rule, the total amount of the appropriation shall be recognized as used. However, if the amount of the appropriation is in excess of negative net and accumulated operating results, the amount of the appropriation used shall only be the amount sufficient to bring the total of accumulated operating results and net operating results to a zero dollar (\$-0-) position. In that case, the remainder of the appropriation shall be used to offset subsequent year net operating losses to the extent they occur and the remaining amount of the appropriation is sufficient.

2. For Specific Projects/Tasks. An appropriation may be provided for specific projects or tasks. An example is an appropriation provided to finance costs of the U.S. Transportation Command for emergency or humanitarian transportation costs. Another example is an appropriation provided to finance Defense Commissary Agency operating costs. In these situations, the entity receiving the appropriation must act as BOTH the customer (financing) activity and the performing activity and record entries necessary to account for both. Entries are necessary to record (a) issuance of a reimbursable order from the financing account, (b) receipt of the order in the performing account, and (c) recognition of obligations and expenses in the performing account and, upon completion of the order, (d) recognition of reimbursements earned (revenue) in the performing account, and simultaneously with recognition of reimbursements earned, (e) expenditure of the financing account. The accounting entries to accomplish those results are:

a. Issuance of a Reimbursable Order from the Financing Account

Dr 4611 Uncommitted/Unobligated Allotments  
    - Direct Program - Current Period  
Cr 4810 Undelivered Orders-Direct Program

b. Receipt of the Order in the Performing Account

Dr 4581 Automatic Reimbursement Program  
Dr 4231 Unfilled Customer Orders - Without Advance -  
    Automatic Apportionment  
Cr 4221 Customer Orders Accepted - Automatic Apportionment  
Cr 4614 Uncommitted/Unobligated Allotments - Reimbursable  
    Program - Current Period

c. Recognition of Obligations and Expenses in the Performing Account

Dr 4614 Uncommitted/Unobligated Allotments - Reimbursable  
    Program - Current Period  
Cr 4821 Undelivered Orders - Without Advance - Reimbursable Program  
Cr 4920 Accrued Expenditures - Unpaid - Reimbursable Program  
Cr 4941 Accrued Expenditures - Paid - Reimbursable Program

Dr 6111 Personnel Compensation-Civilian  
Dr 6121 Supplies and Materials  
Dr 6125 Depreciation of Equipment  
Dr 61XX (Other Operating/Program Expenses)  
Cr 2113 Accounts Payable-Public  
Cr 1530 Operating Materials and Supplies  
Cr 1759 Accumulated Depreciation on Equipment  
Cr 2110 Accounts Payable  
Cr 1012 Funds Disbursed

d. Recognition of Reimbursement Earned (Revenue) in the Performing Account

Dr 4253 Reimbursements Earned - Collected - Automatic Apportionment  
Cr 4231 Unfilled Customer Orders - Without Advance  
    - Automatic Apportionment

Dr 3211.1 Appropriations Available  
Cr 5700 Appropriated Capital Used

NOTE: GLA 5700, "Appropriated Capital Used," is a revenue account and is closed to GLA 3321, "Net Results of Operations-DWCF."

e. Recognition of Expenditure of the Financing Account

Dr 4811 Undelivered Orders - Without Advance - Direct Program  
Cr 4931 Accrued Expenditures - Paid - Direct Program

3. Accounting Illustration. Addendum 1, "Accounting Illustration for Use of an Appropriation Received within the Defense Working Capital Fund," provides further guidance, through use of a simplified illustration, on the proprietary accounting entries applicable to the concepts in this section.

D. BUDGETARY RESOURCES

1. Apportionment of Authority. An apportionment is a distribution made by the Office of Management and Budget of amounts available for obligation in an appropriation or fund account. Apportionment's generally divide amounts available for obligation by specific time periods (usually quarters), activities, projects, objects, or a combination thereof. The amounts so apportioned limit the amount of obligations that may be incurred. The apportionment process is intended to achieve the most effective and economical use of amounts made available for obligation and to prevent the obligation of amounts available within an appropriation or fund account in a manner that would require deficiency or supplemental appropriations. In this regard obligations may not be incurred in excess of the amount of budget authority apportioned. Obligations may be incurred only upon receipt of obligation authority. However, the apportionment process limits the amount of obligations that may be incurred even though obligation authority would otherwise be available. The reimbursable program of the DWCF is apportioned. However, it may be apportioned in one of two ways. Those two ways are: (a) automatically apportioned meaning that the total amount of obligation authority available may be obligated upon its becoming available and (b) specifically apportioned meaning that the amount of obligations that may be incurred is limited to the specified apportioned amount. The accounting entries for each apportionment method is shown below:

a. Automatically Apportioned Reimbursable Program

Dr 4212 Anticipated Reimbursements - Automatic Apportionment  
Cr 4518 Unallocated Apportionment - Reserve for  
Anticipated Resources - Automatically Apportioned

Entry to record amount of anticipated reimbursements expected to be earned by DWCF activities during the current fiscal year. (This is a departmental level entry only. The automatically apportioned reimbursable program requires no intermediate or activity level entries as the authority to incur obligations is automatic upon receipt of obligation authority.)

Dr 4518 Unallocated Apportionment - Reserve for  
Anticipated Resources - Automatically Apportioned  
Cr 4212 Anticipated Reimbursements - Automatic  
Apportionment

Entry to record amount of anticipated reimbursements realized by DWCF activities during the current fiscal year. (This is a departmental level entry only.)

b. Specifically Apportioned Reimbursable Program

Dr 4211 Anticipated Reimbursements - Specific Apportionment  
Cr 4440 Revolving Funds Available for Apportionment

Entry to record a request for apportionment of anticipated reimbursements forwarded to the OMB. The documentation supporting this entry is a DD 1105, "Apportionment and Reapportionment Schedule." (This is a departmental level entry only.)

Dr 4440 Revolving Funds Available for Apportionment  
Cr 4514 Unallocated Apportionment - Reimbursable  
Program - Current Period

Entry to record receipt of the approved apportionment request. The documentation supporting this entry is an approved DD 1105, "Apportionment and Reapportionment Schedule." (This is a departmental level entry only.)

Dr 4514 Unallocated Apportionment - Reimbursable  
Program - Current Period  
Cr 4543 Allocations Issued - Reimbursable Program -  
Current Period

Entry to record allocations issued. The documentation supporting this entry is an approved allocation document. (This is a departmental level entry only.)

Dr 4550 Internal Fund Distributions Received  
Cr 4563 Unallotted Allocations - Reimbursable  
Program - Current Period

Entry to record allocations received. The documentation supporting this entry is an approved allocation document. (This is an intermediate level entry only.)

Dr 4563 Unallotted Allocations - Reimbursable Program - Current Period  
Cr 4573 Allotments Issued - Reimbursable Program - Current Period

Entry to record allotments issued. The documentation supporting this entry is an approved allotment document. (This is an intermediate level entry only.)

Dr 4580 Allotments Received  
Cr 4582 Allotted Reimbursable Program - Current Period

Entry to record allotments received. The documentation supporting this entry is an approved allotment document. (This is an activity level entry only.)

2. Customer Orders. Customer orders received are requisitions and other orders accepted for items to be furnished on a reimbursable basis. The amount of budgetary resources available for obligation from customer orders is the sum of:

(1) Orders received from federal government accounts that represent valid obligations of the ordering account, whether or not accompanied by an advance, plus

(2) Orders received from the public, including State and local governments, but only to the extent accompanied by an advance.

Throughout the year, unfilled customer order amounts should be adjusted to the extent that orders are filled, canceled, or new orders received. The accounting entries to record acceptance of customer orders are:

Dr 4581 Automatic Reimbursement Program  
Dr 4231 Unfilled Customer Orders - Without Advance -  
Automatic Apportionment  
or  
Dr 4233 Unfilled Customer Orders - With Advance -  
Automatic Apportionment  
Cr 4221 Customer Orders Accepted - Automatic Apportionment  
Cr 4614 Uncommitted/Unobligated Allotments -  
Reimbursable Program - Current Period

Entry to record acceptance of a customer order when the reimbursable program is automatically apportioned.

Dr 4582 Allotted Reimbursable Program - Current Period  
Dr 4232 Unfilled Customer Orders - Without Advance -  
Specific Apportionment  
or  
Dr 4234 Unfilled Customer Orders - With Advance -  
Specific Apportionment  
Cr 4222 Customer Orders Accepted - Specific Apportionment  
Cr 4614 Uncommitted/Unobligated Allotments - Reimbursable  
Program - Current Period

Entry to record acceptance of a customer order when the reimbursable program is specifically apportioned.

3. Earned Reimbursements. Earned reimbursements are the amount of customer orders that have been filled, provided that in the case of orders from the public, including State and local governments, the amount is limited to the amount of the advance received. Earned reimbursements should not exceed the amount of individual customer orders. The amount of budgetary resources available for obligation from earned reimbursements can be calculated as the sum of:

a. Customer orders from federal government accounts that have been filled but not yet billed;

b. Accounts receivable representing federal government customer orders that have been filled but not collected.

c. Cash received as advances from the public for customer orders that have been filled;  
and

d. Cash received as reimbursement for federal government customer orders that have been filled.

4. Nonexpenditure Fund Transfers. Nonexpenditure transfers of funds may be received from another appropriation or fund or may be made to another appropriation or fund when appropriate and authorized. Typical budgetary and proprietary accounting entries applicable to transfer of budgetary resources to and from other appropriations and funds are illustrated below.

Transfers Out of Budgetary Resources

Dr 4514 Unallocated Apportionment - Reimbursable Program  
    (or, if automatically apportioned)  
Dr 4212 Anticipated Reimbursements - Automatic Apportionment  
    Cr 4160 Anticipated Transfers of Current  
        Fiscal Year Authority

Entry to record an anticipated transfer from a business operations fund to another appropriation or fund. (This is a departmental level entry only.)

Dr 4160 Anticipated Transfers of Current  
    Fiscal Year Authority  
Cr 4170 Appropriation Transfers

Entry to record an authorized transfer from a business operations fund to another appropriation or fund. Documentation supporting this entry includes SF 1151, "Nonexpenditure Transfer Authorization." (This is a departmental level entry only.)

Dr 4614 Uncommitted/Unobligated Allotments -  
    Reimbursable Program - Current Period  
Cr 4581 Automatic Reimbursement Program

Dr 3211.4 Net Treasury Balance - DWCF  
Cr 1013 Funds With Treasury

Entry to record a reduction of unobligated business operation fund resources due to an authorized transfer from a business operations fund to another appropriation or fund. (This is an activity level entry only.)

Transfers In of Budgetary Resources

Dr 4160 Anticipated Transfers of Current Fiscal Year Authority  
Cr 4517 Unallocated Apportionment - Reserve for Other  
    Anticipated Resources

Entry to record an anticipated transfer from another appropriation or fund to a business operations fund. (This is a departmental level entry only.)

Dr 4170 Appropriation Transfers  
Cr 4160 Anticipated Transfers of Current Fiscal Year Authority



Dr 1013 Funds with Treasury  
Cr 3211.4 Net Treasury Balance - DWCF

Entry to record an authorized transfer from another appropriation or fund to a business operations fund. Documentation supporting this entry includes SF 1151, "Nonexpenditure Transfer Authorization." (This is a departmental level entry only.)

Dr 4517 Unallocated Apportionment - Reserve for Other  
Anticipated Resources  
Cr 4543 Allocations Issued - Reimbursable Program

Dr 3211.4 Net Treasury Balance - DWCF  
Cr 1013 Funds with Treasury

Entry to record obligational authority allocated. Documentation supporting this entry includes SF 1151, "Nonexpenditure Transfer Authorization." (This is a departmental level entry only.)

Dr 4581 Automatic Reimbursement Program  
Cr 4614 Uncommitted/Unobligated Allotments -  
Reimbursable Program - Current Period

Dr 1013 Funds With Treasury  
Cr 3211.4 Net Treasury Balance - DWCF

Entry to record receipt of obligational authority transfer to the business operations fund from another appropriation or fund. (This is an activity level entry only.)

#### E. WITHDRAWAL OF BUDGETARY RESOURCES

The following illustrate typical budgetary and proprietary accounting entries applicable to the withdrawal of budgetary resources from the DWCF.

Dr 4611 Uncommitted/Unobligated Allotments  
- Direct Program - Current Period  
Cr 4580 Allotments Received

Dr 3211.1 Appropriations Available  
Cr 1013 Funds With Treasury

Entry to record the withdrawal of appropriated and/or reappropriated Fund capital from activity level. (This is an activity level entry only.)

Dr 4571 Allotments Issued - Direct Program - Current Period  
Cr 4550 Internal Fund Distributions Received

Entry to record the withdrawal of appropriated and/or reappropriated Fund capital from intermediate level. (This is an intermediate level entry only.)

Dr 4541 Allocations Issued - Direct Program - Current Period  
Cr 4119 Other Appropriations Realized

Entry to record the withdrawal of appropriated Fund capital from departmental level. (This is a departmental level entry only.)

## F. ANTIDEFICIENCY ACT VIOLATIONS

1. Budgetary Resources. A distinction is made between those assets that constitute a budgetary resource available for obligation and those that do not. Paragraph C. of this chapter describes assets that are budgetary resources available for obligation. Other assets, whether of a working capital nature such as inventories of stock or of a fixed asset nature, are not considered a budgetary resource. Anticipated reimbursements and anticipated customer orders for the remainder of the fiscal year are not considered a budgetary resource. Such non-budgetary assets, therefore, do not enter into the determination of unobligated balances. However, claims against budgetary resources, such as accounts payable and undelivered orders must enter into the determination of unobligated balances. Obligations for the procurement of inventories, as well as for the acquisition of other assets, must be included in the obligations reported.

2. Apportioned Budgetary Resources. Many of the business areas included within the DWCF are not subject to apportionment. However, some business areas, such as the Supply Management business area and Defense Commissaries may receive an apportionment. The Supply Management business area may receive a DD Form 1105, "Apportionment and Reapportionment Schedule," for contract authority received for its general operations. Additionally, a DD Form 1105 apportionment may be received for direct appropriations received (for example, appropriations received to procure war reserve materials and operate Defense Commissaries). If an apportionment is received, obligations must be kept within the apportioned limits even though the amount apportioned may be less than the total budgetary resources that would otherwise be available. Failure to do so is a violation of the Antideficiency Act (31 U.S.C. 1517(a)).

3. Segregation of Budgetary Resources. Where an activity receives budgetary resources from more than one source (that is, reimbursable authority from customer orders accepted and direct authority from appropriations), the receiving activity must maintain records which will enable it to control and report separately the transactions relating to each source.

4. Meaning of Violations. The incurring of obligations in excess of available budgetary resources is a violation of the Antideficiency Act and is reportable as such whether or not, in the case of apportioned DWCF business areas, unapportioned budgetary resources or non-budgetary assets are greater than the amount of the deficiency. Additionally, for the DWCF, disbursements (outlays) in excess of the fund balance (cash) available to the DoD Component's DWCF business area [see Chapter 54, paragraph B.5. of this Volume].

5. Responsibility for Violations. It is the responsibility of each DWCF activity to maintain obligations within the amount of budgetary resources available to that DWCF activity. In the event that available budgetary resources are not sufficient, the DWCF activity shall defer the incurring of obligations until budgetary resources are sufficient to fund them. As a rule, DWCF managers shall not assume that sufficient budgetary resources exist elsewhere within the DWCF to fund obligations rather, managers of a DWCF activity shall request authority to incur obligations from its management command or responsible DoD Component.

6. Types of Violations. Antideficiency Act violations are comprised of events of the following character:

a. Overobligation or overexpenditure of appropriation or fund balance. (Section 1341(a) of Title 31 of the U.S. Code)

b. Contract or obligation in advance of an appropriation. (Section 1341(a) of Title 31 of the U.S. Code)

c. Acceptance of voluntary services. (Section 1342 of Title 31 of the U.S. Code)

d. Overobligation or overexpenditure of an apportionment or reapportionment. (Section 1517(a) of Title 31 of the U.S. Code)

e. Overobligation or overexpenditure of an allotment or suballotment. (Section 1517(a) of Title 31 of the U.S. Code)

f. Overobligation or overexpenditure of a credit limitation. (Section 1517(a) of Title 31 of the U.S. Code)

g. Overobligation or overexpenditure of other administrative subdivisions of funds. (Section 1517(a) of Title 31 of the U.S. Code)

7. Reporting of Violations. Volume 14 of this Regulation specifies the procedures to be followed to report Antideficiency Act violations.

## ACCOUNTING ILLUSTRATION

### APPROPRIATED CAPITAL USED

#### A. GENERAL

1. The DWCF is a revolving fund. As such, it primarily operates through obligational authority and funds provided by the receipt and completion of reimbursable orders. However, the DWCF can, and does, receive direct appropriations.

2. Revenue and expenses associated with reimbursable orders must be matched and reported on the Statement of Operations (Income Statement). Likewise, an appropriation is a financing source against which expenses must be matched and reported on the Statement of Operations. To accomplish this requirement, general ledger account 5700 has been established. Account 5700, "Appropriated Capital Used," a credit balance account, is a financing source to be matched against current period expenses funded by appropriations. This account is used to record accrued expenses (versus outlays) of appropriated funds and is therefore equal to expenses funded by current and prior year appropriations such as depreciation of fixed assets and consumption of operating materials and supplies purchased in a prior year.

3. Budgetary accounting for appropriations is well-established. However, since proprietary accounting, using general ledger account 5700, is relatively new, the following simplified illustration provides an explanation, in accounting terms, of the accounting necessary to properly recognize revenue and associated costs applicable to an appropriation (vice customer reimbursements).

#### B. TREASURY APPROPRIATION WARRANT RECEIVED

Dr 1013 Funds with Treasury		\$100,000
Cr 3211.1 Appropriations Available	\$100,000	

To record appropriated funds availability upon receipt of TFS Form 6200, "Department of the Treasury Appropriation Warrant." (A warrant is an official document issued pursuant to law by the Secretary of the Treasury that establishes the amount of money authorized to be withdrawn from the central accounts maintained by the Treasury.)

#### C. APPROPRIATION OUTLAYS

Dr 1511 Operating Materials and Supplies	\$10,000	
Cr 1012 Funds Disbursed		\$10,000

To record outlay of appropriated funds for supplies.

Dr 1750 Equipment	\$60,000	
Cr 1012 Funds Disbursed		\$60,000

To record outlay of appropriated funds for an equipment item. (Assume item cost \$60,000 with a 5-year life. The monthly depreciation, assuming no residual value, would therefore be \$1,000.)

D. RECOGNITION OF ACCRUED EXPENSES

Dr 6111 Personnel Compensation - Civilian	\$5,000	
Cr 2113 Accounts Payable - Public		\$5,000

To record accrued civilian salaries.

Dr 6121 Supplies and Materials	\$1,500	
Cr 1511 Operating Materials and Supplies		\$1,500

To record use of supplies

Dr 6125 Depreciation of Equipment	\$1,000	
Cr 1759 Accumulated Depreciation on Equipment		\$1,000

To record monthly equipment depreciation.

E. REDUCTION OF APPROPRIATED CAPITAL (ACCOUNT 3211.1). The amounts to be recorded in account 5700 shall be equal to the amount of operating and program expenses recorded in the 6100 series of accounts but shall not include any expenses applicable to other revenue accounts. In the above illustration, expenses recorded in the 6100 series of accounts total \$7,500.

The following entry illustrates the use of this account:

Dr 3211.1 Appropriations Available	\$7,500	
Cr 5700 Appropriated Capital Used		\$7,500

To record appropriated funds used to finance accrued expenses. Note that the amount of expenses (\$7,500), not the outlays (\$70,000) are used to determine the amount to be recorded in account 3211.1 and account 5700.

F. CLOSING OF ACCOUNTS AT FISCAL YEAR END

Dr 3321 Net Results of Operations - DWCF	\$7,500	
Cr 6111 Personnel Compensation - Civilian		\$5,000
Cr 6121 Supplies and Materials		\$1,500
Cr 6125 Depreciation of Equipment		\$1,000

Dr 5700 Appropriated Capital Used	\$7,500	
Cr 3321 Net Results of Operations-DWCF		\$7,500

Dr 1012 Funds Disbursed	\$70,000	
Cr 1013 Funds with Treasury		\$70,000

NOTE: The DWCF business areas using a job order cost accounting system will normally close its 6100 series of operating expense accounts into the applicable 1580 work in progress account. The work in process account is closed to account 6500, "Cost of Goods Sold," upon job completion. Account 6500 is, in turn, closed to account 3321, "Net Results of Operations - DWCF."

G. TRIAL BALANCE

1013	Funds with Treasury	\$30,000	
1511	Operating Materials and Supplies	\$ 8,500	
1750	Equipment \$60,000		
1759	Accumulated Depreciation on Equipment		\$ 1,000
2113	Accounts Payable - Public		\$ 5,000
3211.1	Appropriations Available		<u>\$92,500</u>
	TOTAL	<u>\$98,500</u>	<u>\$98,500</u>

#### H. NOTES:

1. Accounting for appropriated funds received must be kept separate from customer reimbursements received so that expenses recognized can be matched with the proper financing source on the Statement of Operations.
2. Within the appropriated fund accounting, the account 1013, "Funds With Treasury" less the amounts recorded in account 1012, "Funds Disbursed," should show the appropriated balance remaining available for outlay.
3. Account 5700, "Appropriated Capital Used," should equal the amount of expenses recorded for that appropriation in the 6100 series of accounts for program/operating expenses.
4. The balance in account 5700 should be reported on the Statement of Operations as a Financing Source on line 1, "Appropriated Capital Used."
5. The accrued expenses in the 6100 series of accounts would be reported on the Statement of Operations on the applicable Expenses line.
6. The total of expenses reported on the applicable Expenses lines of the Statement of Operations should equal exactly the Appropriated Capital Used reported on line 1 of the Statement of Operations.